

McCormick & Company Inc v McCormick [2000] FCA 1335

FEDERAL COURT OF AUSTRALIA

KENNY J

KENNY J:

1 This is an appeal and cross-appeal, pursuant to s 56 of the *Trade Marks Act 1995* (“the Act”), from a decision of a delegate of the Registrar of Trade Marks (“the delegate”) on 21 May 1998 concerning the applicant’s opposition to the registration of the respondent’s trade mark. The delegate’s reasons for decision are reported: see *McCormick & Company Inc v McCormick* (1998) 42 IPR 515.

HISTORY OF THE PROCEEDING

2 The respondent, Mary McCormick, filed trade mark application No 574023 on 9 March 1992. The application, as amended, sought registration of two word marks. They were “MCCORMICK’S” and “MCCORMICK’S INSTANT BATTER SIMPLY ADD WATER”. The application initially covered all goods in class 30, namely:

All goods in this class; batter including instant batter; dried fruits; nuts including peanuts.

In the course of examination, however, the goods in the application were restricted to “instant batter”.

3 Acceptance of the marks under s 41(5) of the Act was advertised in the *Australian Official Journal of Trade Marks* on 22 February 1996. The applicant in this proceeding, McCormick & Company, Incorporated (“McCormick & Co”), filed a notice of opposition on 22 May 1996. The delegate heard the matter on 4 March 1998.

4 At the hearing before the delegate, McCormick & Co relied on three grounds of opposition. They were:

- (1) that Mary McCormick’s marks are substantially identical with or deceptively similar to McCormick & Co’s trade marks, being marks which are registered in respect of goods similar to hers (s 44(1));
- (2) that Mary McCormick’s marks are substantially identical with or deceptively similar to

McCormick & Co's trade marks, being marks which, before the priority date for registration of her marks, had acquired a reputation in Australia and, because of that reputation, the use of her marks in respect of the goods specified in the application would be likely to deceive or cause confusion (s 60); and

- (3) that Mary McCormick's marks are not capable of distinguishing the goods for which registration is sought from the goods or services of other persons (s 41(2)).

5 The delegate held that Mary McCormick's marks are deceptively similar to those of McCormick & Co and that her instant batter product is of the same description as the goods sold by the company under its registered trade marks. The delegate found that both the applicant's and the respondent's goods are "added to various items of food and serve the purpose of enhancing their flavour": see 42 IPR at 520. Mary McCormick's marks are, so the delegate found, such as "to offend against the provisions of s 44(1) of the Act": 42 IPR at 520. The delegate found, however, that Mary McCormick had "successfully discharged her onus for establishing honest concurrent use of the mark as far as this use extends to the states of Queensland and New South Wales": 42 IPR at 525.

6 The delegate rejected McCormick & Co's submission that Mary McCormick is unable to rely on s 44(3) to overcome the company's s 60 objection: 42 IPR at 527. Although the marks in question were found to be deceptively similar to one another, the delegate held, at 527, that McCormick & Co's

registered marks have co-existed in the market concurrently with [Mary McCormick's] marks for a long period. As indicated earlier, there is no suggestion that [Mary McCormick's] motives in choosing its mark MCCORMICK'S were fraudulent. Moreover, there is insufficient evidence for me to be convinced of any past deception or confusion of the marks. If deception or confusion had, in fact, come to the notice of the opponent since 1985, as alleged in the opponent's evidence, then the opponent has had ample time and opportunity to direct it to [Mary McCormick's] attention and take steps in preventing it.

That finding was, in the delegate's view, a sufficient answer to the company's opposition on the s 60 ground. Finally, the delegate rejected the company's submission that Mary McCormick's marks are not capable of distinguishing the goods for which registration was sought from the goods or services of other persons as required by s 41. In concluding, the delegate said, at 528:

In summary, I have found that [Mary McCormick] is entitled to registration of

the subject series of marks in terms of s 41(5) of the Act. [She] has met the requirements of s 44(3) concerning honest current [sic] use of its marks in the states of Queensland and New South Wales and I have not been shown any good reason for not exercising discretion in this matter. I dismiss the opposition as far as it relates to the grounds based on ss 41 and 60. Should there be no appeal against this decision, I direct that the series of trade marks of application No 574023 proceed to registration bearing the following additional endorsement: 'Under the provisions of paragraph 41(3)(a) registration of this series of trade marks is limited to the states of Queensland and New South Wales'.

The reference in this passage to s 41(3)(a) should, it seems, be a reference to s 44(3)(a) of the Act. Nothing turns on this.

7 By a notice of appeal dated 10 June 1998, McCormick & Co appealed against the delegate's decision. Mary McCormick filed a notice of contentions, which was amended on 1 July 1999, and, later, a notice of cross-appeal dated 4 August 1999.

8 McCormick & Co's four principal grounds of appeal are as follows:

- The delegate erred in holding that Mary McCormick had discharged her onus in establishing honest concurrent use of her marks in Queensland and New South Wales.
- The delegate erred in holding that the case was a proper one for the exercise of the discretion under s 44(3) in favour of Mary McCormick.
- The delegate erred in holding that the use by Mary McCormick of her marks would not be likely to deceive or cause confusion in light of the reputation of McCormick & Co's marks.
- The delegate erred in holding that the operation of s 60 was subject to s 44(3).

9 By her amended notice of contentions, Mary McCormick asserted that:

- her instant batter product and the goods the subject of McCormick & Co's registered trade marks are not "similar goods"; and, consequently, s 44(1) does not prevent registration of her marks; and
- s 60(b) does not bar registration of her marks since their use would not be likely to deceive or cause confusion because of the reputation of McCormick & Co's marks.






By her notice of cross-appeal, Mary McCormick also appealed against that part of the delegate's decision limiting the registration of her marks to Queensland and New South

Wales.

BACKGROUND FACTS

10 McCormick & Co has sold food products in Australia directly and through its wholly-owned subsidiary, McCormick Foods Australia Pty Ltd (“McCormick Australia”), since 1962. McCormick Australia manufactures and sells its products to the retail sector, including supermarkets. In addition, since the early to mid-1980s, McCormick & Co and McCormick Australia have sold batter to fast-food providers in Australia. Today, McCormick Australia manufactures and sells products (such as batters, seasoned flour and breaders) to fast-food providers, food processing companies and food service companies (such as venue caterers, hotels and hospitals). Sales through all outlets are substantial.

11 McCormick & Co is the registered owner in Australia of a number of trade marks. McCormick Australia uses the marks in Australia under licence from McCormick & Co. In this proceeding, McCormick & Co relied on the following registrations, all of which bear a priority date.

<i>Number</i>	<i>Class</i>	<i>Goods</i>	<i>Trade Mark</i>
175887	30	Spices; condiments; seasonings, extracts and essences for flavouring foods	
175888	30	Spices; condiments; seasonings; extracts and essences for flavouring foods	
182356	29	Mayonnaise and other dressings for salads and other foods; dehydrated potatoes	
182357	29	Mayonnaise and other dressings for salads and other foods; dehydrated potatoes	
351903	30	Herbs and spices, sauces, seasonings and gravies	



I refer to these marks as “the McCormick & Co marks”.

12 Since at least 1995, McCormick Australia has also sold batter and breading mixes through retail outlets under the mark “GOLDEN DIPT”. The GOLDEN DIPT range has been developed as a speciality brand available only where fish is sold in supermarkets. In the United States, the packaging for the GOLDEN DIPT range features a registered MCCORMICK trade mark on the front. In Australia, however, a MCCORMICK trade mark appears on the side of the GOLDEN DIPT packaging. McCormick Australia is identified as the distributor.

13 Mary McCormick and her husband, who died in August 1984, first commercially marketed batter under the name “McCormick” in the early 1970s. The decision to market the batter product grew out of a fish and chip business conducted by the McCormicks from a roadside caravan in Innisfail in Queensland from the late 1960s. The batter product, marketed under the name, “McCormick’s Instant Batter”, was sold to the public, first from the caravan and then also from a local supermarket. Thereafter, Mary McCormick began to supply her batter product to supermarkets in Ayre and Cairns in Queensland.

14 In the mid-1970s, Mr and Mrs McCormick sold their fish and chip business and moved to a flat with an adjacent shop in Ernest Street, Innisfail. They manufactured and sold the branded batter product from the shop. In 1979, the McCormicks purchased a house with a small factory attached to it. Until May 1995, all of Mary McCormick’s branded batter product was manufactured and packaged in this factory.

WHETHER THE GOODS ARE SIMILAR GOODS

15 The parties agreed that the matter was governed by the Act, notwithstanding that the trade mark application was made in 1992. There is a presumption of registrability under the Act: see s 33 and *Registrar of Trade Marks v Woolworths Ltd* (1999) 93 FCR 365 (“*Woolworths*”) at 372-373, 377 per French J (with whom Tamberlin J agreed) and 387 per Branson J.

Section 44(1) provides, however, that:

*Subject to subsections (3) and (4), an application for the registration of a trade mark (**applicant's trade mark**) in respect of goods (**applicant's goods**) must be rejected if:*

- (a) the applicant's trade mark is substantially identical with, or deceptively similar to:*
 - (i) a trade mark registered by another person in respect of similar goods or closely related services; or*
 - (ii) a trade mark whose registration in respect of similar goods or closely related services is being sought by another person; and*
- (b) the priority date for the registration of the applicant's trade mark in respect of the applicant's goods is not earlier than the priority date for the registration of the other trade mark in respect of the similar goods or closely related services.*

The expression "similar goods" is defined in s 14(1) of the Act as follows:

*For the purposes of this Act, goods are **similar** to other goods:*

- (a) if they are the same as the other goods; or*
- (b) if they are of the same description as that of the other goods.*

In the present context, s 44(1) gives rise to two questions. The first is whether Mary McCormick's marks are deceptively similar to McCormick & Co's registered marks. The delegate found that they were. That finding is not challenged on this appeal. The second question is whether Mary McCormick's instant batter product is of the same description as the goods the subject of the McCormick & Co marks. Mary McCormick contends that her marks do not contravene s 44(1) of the Act because her instant batter product is not of the same description as McCormick & Co's goods. Whether the relevant goods are of the same description is essentially a question of fact.

The authorities establish that there are three principal factors to be considered in this regard. They are: (1) the nature of the goods, including their origin and characteristics; (2) the uses made of them, including their purpose; and (3) the trade channels through which the goods are bought and sold. As to the last-mentioned matter, it may be relevant to consider whether the goods being compared are produced by the same manufacturer or distributed through the same channels; whether they are sold in the same shops; whether they are sold to the same sort of customers; and whether those engaged in the manufacture and distribution of the goods are considered as belonging to the same trade: see *In Re Jellinek's Application* (1946) 63 RPC 59 at 70-72; *In Re John Crowther & Sons (Milnsbridge) Ltd's Application* (1948) 65 RPC 369 ("*Crowther's Application*") at 372; *In Re Frank George Whiting's*

Application (1952) 69 RPC 219 at 221; and *Reckitt & Colman (Australia) Ltd v Boden* (1945) 70 CLR 84 at 94. As the High Court stated in *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592 (“*Southern Cross*”) at 606-607:

The fact that examination of the nature of the applicant’s goods may, by itself, induce an observer to conclude that they are different in character from those of an opponent, and designed to serve different purposes, is by no means conclusive. Nor is the fact that the applicant’s goods are not specified by the regulations as being within the same class of goods: see In re The Australian Wine Importers Ltd (1889) 41 Ch D 278, at p 291 and Reckitt & Colman (Australia) Ltd v Boden (1945) 70 CLR 84, at p 90 per Latham CJ. There may be many matters to be considered apart from the inherent character of the goods in respect of which the application is made and some indication of what matters are relevant to this inquiry was given by Romer J in In re Jellinek’s Application (1946) 63 RPC 59. Romer J thought it necessary to look beyond the nature of the goods in question and to compare not only their respective uses but also to examine the trade channels through which the commodities in question were bought and sold. Shortly after the decision in Jellinek’s Case ... the Assistant-Comptroller elaborated on the observations of Romer J in the following manner: ‘In arriving at a decision upon this issue the reported cases show that I have to take account of a number of factors, including in particular the nature and characteristics of the goods, their origin, their purpose, whether they are usually produced by one and the same manufacturer or distributed by the same wholesale houses, whether they are sold in the same shops over the same counters during the same seasons and to the same class or classes of customers, and whether by those engaged in their manufacture and distribution they are regarded as belonging to the same trade. In the case of Jellinek’s Application ..., Romer J classified these various factors under three heads, viz., the nature of the goods, the uses thereof, and the trade channels through which they are bought and sold. No single consideration is conclusive in itself, and it has further been emphasized that the classifications contained in the schedules to the Trade Marks Rules are not a decisive criterion as to whether or not two sets of goods are “of the same description”’: In re an Application by John Crowther & Sons (Milnsbridge) Ltd (1948) 65 RPC 369, at p 372. Much the same considerations are evident in the observation of Dixon J (as he then was) in Reckitt & Colman (Australia) Ltd v Boden (1945) 70 CLR 84 when he said: ‘What forms the same description of goods must be discovered from a consideration of the course of trade or business. One factor is the use to which the two sets of goods are put. Another is whether they are commonly dealt with in the same course of trade or business. In the present case, the goods are quite different, their uses are widely separated and they are not commonly sold in the same kinds of shops or departments’ (1945) 70 CLR, at p 94.

19 On the one hand, goods are not necessarily of the same description simply because they are sold for human consumption and in common trade channels: see, for example, *In Re*

J & J Colman Ltd's Application (1929) 46 RPC 126, where mustard and semolina were held not to be goods of the same description. See also *G Wood, Son & Co Ltd v McVitty & Co Pty Ltd* (1964) 34 AOJP 2601 and *In Re Chan Li Chai Medical Factory (HK) Ltd's Application* (1990) 19 IPR 140 at 144. On the other hand, the expression “goods of the same description” is not construed restrictively and regard is paid to the commercial context in which the goods in question are bought and sold: see *Rowntree plc v Rollbits Pty Ltd* (1988) 10 IPR 539 at 546 and *Dinning v New Balance Athletic Shoe Inc* (1992) AIPC 38,719 at 38,725.

20 In support of its contention that Mary McCormick’s instant batter and the goods subject to the McCormick & Co marks (e.g.: spices, condiments, seasonings, extracts and essences for flavouring foods, herbs, sauces and gravies) are goods of the same description, McCormick & Co adduced evidence from four highly qualified and experienced professional chefs. The admissibility of this evidence, particularly that given by the United States-based chefs, was subject to objection by Mary McCormick, primarily on the basis of relevance. I reject that objection. The chefs’ evidence concerned the essential composition of batter and its effect on the food to which it was applied. The international character of some of this evidence did not render it inadmissible. The evidence is, in my view, admissible: cf *Crowther's Application* at 373.

21 Two of the four chefs (Laurent Rospars and Andrew Blake) were the proprietors of restaurants in Melbourne. Two (Jon Saint Laurent and Francois Dionot) were the proprietors of establishments in the United States. Three were trained in the classic French tradition. One (Blake) was trained in Australia in the style of contemporary Australian cooking. Blake and Rospars were subject to cross-examination. Mary McCormick did not require Saint Laurent and Dionot to attend for cross-examination since, so she submitted, this may have exposed her to substantial additional costs. McCormick & Co relied on the rule in *Browne v Dunn* (1893) 6 R 67 (HL).

22 The four chefs gave evidence to the effect that batter was made up of starch (e.g., flour), liquid (e.g., water) and, usually, seasoning (e.g., salt). Their evidence was that the purpose of batter was both to protect and to enhance the flavour of the food to which it was applied. Their evidence was that batter changes the flavour of the food. They explained that, in the course of frying battered food, the batter absorbs the flavour of the cooking oil and, upon completion, the batter creates a crisp coating which alters the food’s texture. They gave

evidence that batters and breaders may perform the same function and that herbs, spices, seasonings, marinades and batters are closely related in that they are all added to food before cooking to improve the food's taste.

23 As already said, Mary McCormick had been cooking fish and chips for sale since the mid-1960s, although she had never undertaken any specific training or course of study in food preparation. She gave evidence that her batter product was not “used to add to or change the flavour of the basic food stuff being fried” but was used simply “to hold together the food stuff while it is cooking”.

24 The company objects to the admissibility of Mary McCormick's evidence upon the basis that she is not qualified to give an opinion about the relationship between her instant batter product and the goods to which the company's marks attached. Section 76 of the *Evidence Act 1995* (Cth) provides that evidence of an opinion is not admissible to prove the existence of a fact about the existence of which the opinion was expressed. Pursuant to that Act, there are, however, numerous exceptions to this rule. Relevantly, s 79 provides:

If a person has specialised knowledge based on the person's training, study or experience, the opinion rule does not apply to evidence of an opinion of that person that is wholly or substantially based on that knowledge.

In order to be admissible pursuant to s 79, Mary McCormick's opinion must be substantially “based on” specialised knowledge and the specialised knowledge must be “based on” her training, study or experience.

25 Mary McCormick did not claim to have any specialised knowledge based on “training” or “study”. She relied instead on her “experience”. That experience was in the manufacture and application of her instant batter product to the food prepared and sold by her. To this extent (and only to this extent) her evidence was admissible. Her experience of other forms of food preparation (relevantly, the use of spices, condiments, seasonings, food extracts and essences, herbs, sauces and gravies) was not shown to be greater than any other person in the community who, for example, in a domestic setting, regularly cooks a household's meal. I accept that, as the company contended, Mary McCormick's opinion on the relationship between batters generally and the goods the subject of the company's mark was not admissible under s 79 of the *Evidence Act*: cf *NMFM Property Pty Ltd v Citibank Ltd* [No 7] (1999) 161 ALR 576 and *O'Brien v Gillespie* (1997) 41 NSWLR 549.

26 In any event, Mary McCormick conceded in cross-examination that some batters would alter the flavour of the food to which the batter was applied. Leaving aside any question about the rule in *Browne v Dunn*, I find, on the evidence, that batter not only protects food but, like herbs, spices and seasonings etc, it may be added to food to enhance the food's flavour. I accept, of course, that batter is different from herbs, spices, seasonings and the like in that herbs, spices and seasonings may serve additional and different functions from those fulfilled by batter (and vice versa). I also accept that, as the respondent contended, there are other parts of the cooking process which affect food flavour yet cannot be compared to battering at all. The question is not, however, whether instant batter and herbs, spices, seasonings etc correspond precisely and exclusively in their uses and functions, but whether they are goods "of the same description" according to the wide construction of that expression adopted by the authorities. The overlap in functions is one factor indicating that they are.

27 Further, the evidence establishes that Mary McCormick's instant batter product and McCormick & Co's goods are bought and sold in the same trade channels. They are sold in the retail trade in supermarkets. In those supermarkets where both Mary McCormick's and the company's products are sold, the products of both appear ordinarily in the same aisle in close proximity to one another. There is some evidence, moreover, to indicate that the Woolworths chain of supermarkets has, in the past, included Mary McCormick's instant batter in a class called "cooking needs" or under the heading "Season/Herbs/Spices". Finally, whilst attaching no particular weight to the fact, I note that McCormick & Co, through its subsidiary, not only produces and supplies goods such as herbs, spices, seasonings, breaders and instant batters but also uses the same blending machine in the manufacture of goods of this kind.

28 Having regard to the factors discussed above, I find that Mary McCormick's instant batter product and the goods the subject of the McCormick & Co marks are goods of the same description within the meaning of s 44(1) of the Act.

HONEST CONCURRENT USE

29 Section 44(3) of the Act provides as follows:

If the Registrar . . . is satisfied:

(a) that there has been honest concurrent use of the 2 trade marks; or

(b) that, because of other circumstances, it is proper to do so; the Registrar may accept the application for registration of the applicant's trade mark subject to any conditions or limitations that the Registrar thinks fit to impose. If the applicant's trade mark has been used only in a particular area, the limitations may include that the use of the trade mark is to be restricted to that particular area.

The word "limitations" is defined in s 6 as meaning:

limitations of the exclusive right to use a trade mark given by the registration of the trade mark, including limitations of that right as to:

- (a) mode of use; or*
- (b) use within a territorial area within Australia; or*
- (c) use in relation to goods or services to be exported.*

Although s 44(1) is satisfied, Mary McCormick submits that she is nonetheless entitled to registration of her marks because of her "honest concurrent use" of them. McCormick & Co contests this. The company contends that the delegate ought not to have exercised her discretion in favour of Mary McCormick; alternatively, if registration were to be permitted, it should have been limited to Queensland.

30 Section 44(3) gives the Registrar a discretion to accept an application that would otherwise be rejected under s 44(1) in the case of honest concurrent use or other circumstances making it proper to do so. The authorities establish that the principal criteria for determining whether registration should be permitted pursuant to s 44(3) include:

- (1) the honesty of the concurrent use;
- (2) the extent of the use in terms of time, geographic area and volume of sales;
- (3) the degree of confusion likely to ensue between the marks in question;
- (4) whether any instances of confusion have been proved; and
- (5) the relevant inconvenience that would ensue to the parties if registration were to be permitted.

See *In Re Alex Pirie & Sons Ltd's Application* (1932) 49 RPC 195; (1933) 50 RPC 147 at 159-160; *In Re John Fitton & Co Ltd's Application* (1949) 66 RPC 110 at 112; and *Stingray Surf Co Pty Ltd v Lister* (1997) 37 IPR 306 at 310-311. These factors are not necessarily exhaustive of the matters to be considered, but they are a useful guide: see *In Re Electrix Ltd's Application* [1957] RPC 369 at 379.

THE HONESTY OF THE USE

31 The rights of the parties are to be determined as at the date of the application for registration – in this case, 9 March 1992: *Southern Cross* at 594-95; *In Re Simac S p A Macchine Alimentari's Application* (1987) 10 IPR 81 (“*Simac*”) at 90-91; *Aromas Pty Ltd v Aroma Coffee & Tea Co Pty Ltd* (1997) 40 IPR 75 (“*Aromas*”) at 86; and *Trepper v Miss Selfridge Ltd* (1991) 23 IPR 335 at 346.

32 The honesty of concurrent use refers to “commercial honesty, which differs not from common honesty”: see *In Re Parkington & Co Ltd's Application* (1946) 63 RPC 171 at 182. In that case, Romer J said at 181-182:

[T]he circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been a honest user.

Mary McCormick’s evidence was that she and her husband chose the name “MCCORMICK’S” for their instant batter product because it was their surname and “people associated the batter with the distinctive fish and chips sold by us from our roadside caravan”. She conceded that, at the time the name was chosen, she was aware that certain mixed herbs, paprika, pepper and basil products were sold under the “MCCORMICK” brand. But she pointed out that the range of the company’s products in the supermarket in Innisfail at the relevant time was very limited. She said that she did not think that her use of “MCCORMICK’S” would result in any confusion as to the source of her own and the company’s products because instant batter was a different product from any that were, to her knowledge, being sold by the company. Further, in the area in which she was trading, the use of “MCCORMICK’S” was associated with the caravan business run by her and her husband.

33 The mere fact that at the time when she and her husband chose the name “MCCORMICK’S” Mary McCormick knew of the company’s use of its marks on its products does not preclude a finding that she acted honestly: see *Baume & Co Ltd v Moore (A H) Ltd* [1958] RPC 226 at 235; [1958] Ch 907 at 921 and *Joseph Rodgers & Sons Ltd v W N Rodgers & Co* (1924) 41 RPC 277 at 291. I accept that Mary McCormick’s initial adoption and use of “MCCORMICK’S” was honest. Indeed, on appeal, McCormick & Co conceded as much. Whatever her reasons for her registration application, the evidence does not lead me to take a different view of her conduct as at the date upon which the honesty of any

concurrent use falls to be assessed, namely, 9 March 1992.

NATURE AND EXTENT OF MARY MCCORMICK'S USE

34 As already noted, Mary McCormick's evidence was that she and her husband began by selling "McCormick's" instant batter from the caravan in which they carried on their fish and chip business in the late 1960s and into the 1970s; that they later moved into a fish and chip shop; and that they were by then selling the product to supermarkets and other fish and chip shops. I am satisfied that the McCormicks' batter manufacturing business was up-and-running, though in a small way, by the end of the 1970s and that at that time their market was limited to Queensland.

35 Mary McCormick stated (and I accept) that she devoted her full attention to the batter manufacturing business only after her husband died in August 1984. The business was given a further momentum in the mid-1980s when she engaged the services of Domray Pty Ltd (trading as Domus Distributors ("Domus")) to act as distributor, selling agent and consultant in the place of a previous distributor. I note that Mary McCormick had a poor recollection of dates and like details. To the extent that there is any conflict between the evidence of Mr Dennis Morgan, managing director of Domus, and that of Mary McCormick, I prefer Mr Morgan's evidence. His evidence was clear and consistent with such documents as he was able to produce.

36 The documentary evidence of Mary McCormick's sales prior to Domus' engagement and, indeed, until 1989 is largely confined to her tax returns. The information in them was derived from her bank books, cheque books and bank statements, but very few of those primary records remain, most having since been lost or destroyed as a result of cyclone damage, or in the ordinary course of business, or otherwise. Domus itself has no sales records before 1992. Further, the reliability of such sales figures as Mary McCormick can provide for the pre-1992 period is doubtful. On the one hand, some include sales of products other than batter; and, on the other, some fail to take into account expenses properly incurred in carrying on the instant batter business. All this must be borne in mind in considering what follows.

37 Mary McCormick produced no sales figures for her instant batter before 1979. The

net sales figures that she produced for the period 1979-1991 are as follows:

Year	Net Sales
<i>1979</i>	<i>\$22,418.06</i>
<i>1980</i>	<i>\$35,040.20</i>
<i>1981</i>	<i>none available</i>
<i>1982</i>	<i>none available</i>
<i>1983</i>	<i>\$58,349.00</i>
<i>1984</i>	<i>\$69,541.87</i>
<i>1985</i>	<i>\$74,530.67</i>
<i>1986</i>	<i>\$73,225.03</i>
<i>1987</i>	<i>\$94,112.36</i>
<i>1988</i>	<i>\$104,284.11</i>
<i>1989</i>	<i>\$118,837.15</i>
<i>1990</i>	<i>\$142,854.02</i>
<i>1991</i>	<i>\$156,261.38</i>

In 1992, the net sales reached about \$180,000 and increased thereafter. Mr Morgan deposed that, by 16 March 1999, the total retail value of sales of instant batter in the 1998-1999 financial year had reached approximately \$440,000.

38 There are no records showing the extent of instant batter sales, state by state, prior to 1992. Mary McCormick gave evidence that, by the late 1980s, her instant batter product was on sale in retail outlets in Victoria and South Australia, although there was little documentary corroboration of her claim. There were customer's letters in evidence that indicated that the product was on sale in a retail outlet in Victoria before May 1979, in South Australia in October 1979, and in Tasmania before October 1982. (The letters also indicate that supply had ceased or was very sporadic.) There was evidence that Mary McCormick's product was on sale in Jewell Supermarkets in Sydney for about eighteen months in the mid-1980s. There were also invoice records of some retail sales in Victoria in the 1991-1992 period, in South Australia in January 1992, in New South Wales in January-February 1992, and in Western Australia in February 1992. Letters from prospective customers inquiring after the product's availability indicate that Mary McCormick's instant batter product was not always readily available even in New South Wales before 1992. As she conceded in cross-examination, before 1992, the retail sales of her product outside Queensland were not large, although she regarded them as significant.

39 Mary McCormick gave evidence that, in order to demonstrate her product, she appeared on a national television show in October 1991. The evidence showed, however,

that her expenditure on advertising, whether in or out of Queensland, up to 1992 was relatively modest. She was demonstrating her product in New South Wales and Victoria (as well as Queensland) before 1992 (for example, at a trade show in Melbourne in 1988). Demonstration records for supermarkets in New South Wales in September-October 1994, in the Australian Capital Territory in October 1994, in Western Australia in May-November 1994 (save for one report in September 1994), and in Victoria in July 1994 and August-November 1996 showed that at least ninety-eight per cent of those questioned at such demonstrations had not heard of Mary McCormick or her product.

40 Domus provided sales statistics for 1992 and subsequent years. They gave the following statistics for supermarket and food service sales.

Supermarket Packet \$ Sales

Year	QLD	NSW	VIC	SA/NT	WA	NATIONAL	TOTAL
1992	132600	5539	7556	5059	10531		161285
1993	97900			10087	12571		120558
1994	139000	755	416	10466	14632		165269
1995	131000	522	8507				140029
1996	91772		15308		6007	17445	130532
1997	90458		31984		6480	22008	150930
1998	125308	10945	35935		19594	59386	251168
TOTAL	808038	17761	99706	25612	69815	98839	1119771

Food Service \$ Sales

YEAR	QLD	NSW	VIC	SA/NT	WA	TOTAL
1992	97717					97717
1993	115695					115695
1994	123930					123930
1995	116842					116842
1996	128227					128227
1997	123292		3690	5700		132682
1998	128422		7230	5175		140827
TOTAL	834125		10920	10875		855920

These figures support the conclusion that before 9 March 1992 most sales of Mary McCormick's instant batter product were in Queensland, though there may have been some sales in New South Wales, Victoria, South Australia and Western Australia.

41 The evidence before the Court does not show the annual volume of out-of Queensland sales over the previous decade or even over the previous year or so, save that it was likely to have been less than in 1992. Over the previous decade, the volume of these out-of-state sales was probably very slight. By 1992, only 17.8% of Mary McCormick's instant batter supermarket sales, and only 11.1% of her total sales, were outside Queensland. Sales figures for subsequent years indicate that, aside from Queensland, instant batter sales have had a chequered history judged on a state by state basis. The evidence does not disclose whether, leaving aside Queensland, the volume of instant batter sales was greater in New South Wales (or any other state) than in, for example, Victoria, South Australia or Western Australia in the period before March 1992.

CONFUSION FROM THE RESEMBLANCE OF THE MARKS?

42 Counsel for Mary McCormick pointed out that the very existence of an honest concurrent use exception implies a toleration of a degree of confusion: see, e.g., *In Re Alex Pirie & Sons Ltd's Application* (1932) 49 RPC 195 at 206; 49 RPC 207 at 213-4 and *In Re 'Buler' Trade Mark* [1975] RPC 275 at 289. Registration has proceeded where there has been little evidence of actual or extensive confusion. In *Jean Patou Parfumeur v Crisena Corp Pty Ltd* (1990) 20 IPR 660 at 664-5, for example, it was held that the likelihood of confusion arising from the concurrent use of the marks in question was not particularly high, given that one mark was directed to the expensive and exclusive end of the market and the other to the inexpensive end enjoyed by the general public. See also *Aromas* at 88 and *Emdon Investments Pty Ltd v Shell International Petroleum Co Ltd* (1988) 12 IPR 525 at 534.

Registration has also been permitted where the likelihood of confusion was extremely high: see *No Name Restaurants Pty Ltd v No Name Restaurants (Cesare) Pty Ltd* (1996) 36 IPR 488 at 497. In *Buler*, Graham J observed at 289:

[T]he degree of likely confusion is relatively unimportant ... provided the honesty of the applicant [for registration] is established and it is otherwise just in all the circumstances that his mark should be registered.

In assessing the likelihood of confusion, one must assume the use of the marks in a normal and fair manner: see *Simac* at 84, *Bali Trade Mark (No 2)* [1978] FSR 193 at 219, and *Woolworths* at 383 and 391. One must therefore consider what use the parties could make of their marks.

43 Since June 1996, retail packets of Mary McCormick’s instant batter have not only displayed the word “MCCORMICK’S”, but also Mary McCormick’s portrait and given name. This involves, so McCormick & Co submits, the use of a new mark. Only the 10kg cartons of instant batter supplied to the food services industry carry the word “MCCORMICK’S” alone. In the present context, this is, of course, immaterial. The fact is that if she is permitted to register the marks at issue in this case, Mary McCormick may market her instant batter product under the word “MCCORMICK’S” alone in supermarkets and other retail outlets in the future. It would, moreover, be open to her to alter her get-up to resemble more closely the company’s, always providing that she was not engaged in passing off or in other unlawful acts, such as breach of s 52 and s 53 of the *Trade Practices Act 1984* (Cth).

44 In this case, there is a real risk that the use of the parties’ marks will cause purchasers to wonder whether the parties’ products come from the same source. The likelihood of confusion arises partly from the similarity of the marks. As already noted, the delegate found that Mary McCormick’s marks are deceptively similar to those of McCormick & Co: 42 IPR at 520. That finding is not challenged on this appeal. Clearly, the name “McCormick” is a prominent element of the marks in question. It has been said:

[T]he use as trade marks of traders’ names which have a prominent element in common ... is always likely to confuse and almost invariably leads to actual confusion particularly where the names are those of, or natural contractions of the names of, corporate or artificial persons.

See *Johnson & Johnson v S C Johnson & Son Inc* (1984) 3 IPR 429 (“*Johnson & Johnson*”) at 436.

The likelihood of confusion also arises from the fact that Mary McCormick seeks the registration of marks for a product (instant batter) that is sold in the same channels of trade, to the same kind of customers, as the products sold by McCormick & Co under its marks. As already noted, Mary McCormick's instant batter is sold in supermarkets. So too are McCormick & Co's spices, herbs and like products. The layout of supermarkets is relatively standardised and, in consequence, Mary McCormick's instant batter is ordinarily located in close proximity to the herbs, spices and like products of McCormick & Co. The dollar value of Mary McCormick's 150g instant batter packet is low and broadly commensurate with many of McCormick & Co's supermarket products. Although consumers can be expected to have some regard to supermarket purchases of this kind, they may not examine them as carefully as more expensive items.

McCormick & Co relied on the following evidence of actual confusion.

WITNESS	EVIDENCE	DATE
McAdam	Instances of supermarkets' confusion Instance of a trader's confusion at a Melbourne food fair	1996-1997
Goldsworthy	1-2 instances per year of company's telephone operator receiving customer inquiries about Mary McCormick's instant batter	1994-1998
Kaye	1 instance of company's employee receiving customer's inquiry about Mary McCormick's instant batter 2 to 3 instances over 6 years of company's employee receiving customer's inquiries about Mary McCormick's instant batter	Pre-1992 1992-1998
S Ray	2 or more instances over 5 year period of company's employee receiving customer's inquiries about Mary McCormick's instant batter 4 or 5 instances over 4 year period of company's employee receiving customer's inquiries about Mary McCormick's instant batter	1989-1994 1994-1999
McSweeney	4-6 instances over 6 years of company's employee receiving customer's inquiries about Mary McCormick's instant batter	1993-1999

Eves	References to reports by McCormick Australia sales agents of confusion regarding Mary McCormick's instant batter	mid-1980s
W Ray	Instance of supermarket's confusion	1985
Large	Instance of consumer confusion	1998
Creighton	Received reports of customer confusion	1994
McCormick	3 letters from Mary McCormick's customers indicating confusion about the origins of her instant batter product	(1) 9 October 1987; (2) undated; (3) 12 April 1988

A report of a demonstration of Mary McCormick's instant batter product in September 1994 tended to corroborate, to a limited extent, the risk of confusion. I note, however, that Mary McCormick gave evidence, which I accept, that she received "very few", or "not a lot at all" of, letters indicating confusion about the origins of her product.

47 The evidence adduced by McCormick & Co was mostly very general. No witness had any very clear recollection of the customer inquiries that had been received, when they had been received or their frequency. Most of this evidence concerned the post-1992 period. I accept, as counsel for McCormick & Co submits, that, because of the inexpensive nature of the relevant products, instances of actual confusion are difficult to detect and to prove. Even so, all the evidence showed, I think, was that there had in fact been some confusion as to the origin of Mary McCormick's instant batter product. At most it tended to corroborate that, as one might expect in the circumstances of the case, there was a likelihood of confusion as to the source of Mary McCormick's instant batter product.

48 As already noted, the evidence shows that McCormick & Co is currently marketing an instant batter product in supermarkets under the name "GOLDEN DIPT" and that the product is not found near Mary McCormick's product. The company relied on the fact that it has plans to introduce an instant batter product that would be placed in the vicinity of Mary McCormick's instant batter packets, but, on legal advice, it has not proceeded with those plans pending the outcome of these proceedings. Plainly enough, if both parties were subsequently to market instant batter under the marks in question in the retail trade, then there may be direct competition between more or less identical products bearing deceptively similar marks. The company does not presently have any relevant trademark registration for instant batter, however: what it does have is a subsequent registration application for its

marks in respect of all goods in Class 30 (save salt, pepper, spices, mayonnaise, sauces and seasonings). The company's aspirations are not, it seems to me, presently relevant to this issue of confusion. Whether, if Mary McCormick is successful, the company may at some stage market instant batter under the McCormick & Co marks is uncertain. Whether it would be open to it to do so has not been argued before me and it is, plainly enough, for consideration on another day.

49 For similar reasons, I do not consider that the company is assisted by its reliance on the industrial sales position. There is no evidence of actual confusion with respect to the parties' industrial sales and no actual confusion is alleged. As already noted, McCormick & Co has supplied instant batter and like products to the fast food industry since the mid-1980s, although this fact has not generally been known outside the industry. Mary McCormick has supplied her instant batter product to the food services market. The evidence establishes, however, that the parties' batter products have been (and are) directed to different sectors of the industrial market, or, put another way, to different kinds of customers. The company sought, however, to rely on Mary McCormick's own evidence concerning the potential for confusion. Mary McCormick stated that if McCormick & Co's bulk batter product and her own product were in the same warehouse and if she were compelled to market her product under the name "Mary McCormick", then warehouse staff would be likely to fill orders for her batter product with the company's product. That is, leaving aside questions of mark usage in the industrial sector at the relevant time, there was, so the company said, admitted potential for confusion. Again, a question arises as to whether, if Mary McCormick succeeds on her present application, the company might market its bulk batter product in any relevant way. Given that the company has no relevant trade mark registration for instant batter, I do not propose to speculate on the matter (which also was not seriously argued). I do not regard this as bearing upon the issue of confusion with which I am presently concerned.

BALANCE OF CONVENIENCE

(a) Nature and extent of the applicant's use

50 McCormick & Co has sold food products in Australia directly and through its wholly-owned subsidiary, McCormick Australia, since 1962. Before March 1992, the McCormick & Co marks were used extensively on products sold in retail outlets, especially in supermarkets. Sales of these products were (and have continued to be) substantial on a state by state basis. The company spent (and has continued to spend) a substantial amount on advertising in the

retail market. Plainly enough, the volume of the company's retail trade over the range of its food products bearing the McCormick & Co marks is much greater than the volume of Mary McCormick's trade in instant batter.

51 On the matter of competing inconvenience, McCormick & Co referred again to the likelihood of confusion as to the origin of the parties' products by reason of the similarities of their marks. Whilst confusion of this kind is a factor to be considered, it is not, as already noted, necessarily fatal to a registration application: see *Canon Kabushiki Kaisha v Brook* (1994) 30 IPR 525 at 532, aff (1996) 69 FCR 401. Counsel for Mary McCormick submitted that, in any event, the registration of Mary McCormick's marks would not appreciably add to the risk of confusion because, even without registration, she would be able to continue to use her own name in connection with her instant batter business: see s 122 of the Act, *Johnson & Johnson* at 432, and *Joseph Rodgers & Sons Ltd v W H Rodgers & Co* (1906) 41 RPC 277 at 291-292. Perhaps so: although it is to be borne in mind that "notwithstanding the fact that under s 64 [a s 122 equivalent] bona fide use of a person's name as his trade mark does not infringe, registration is nevertheless prohibited of such a mark when it is, inter alia, likely to deceive or cause confusion by reason of the use and/or registration of an earlier trade mark": *Johnson & Johnson* at 432 and *Joseph Rodgers* at 291-292. As I have already said, the likelihood of confusion is a relevant but not determinative factor.

52 Since at least 1995, McCormick Australia has also sold batter and breading mixes under the mark "GOLDEN DIPT" in or near the fresh fish or delicatessen section of selected supermarkets. As noted earlier, a MCCORMICK trade mark appears on the side of the GOLDEN DIPT packaging and McCormick Australia is identified as the distributor. Further, since late 1996, the company has had plans to introduce a seasoned batter and coating mix, under the name "SEASON-ALL" (or "MCCORMICK SEASON 'N FRY") and bearing one of the McCormick & Co marks. It proposes to sell such a product in the grocery aisles of supermarkets along with the company's herbs and spices products.

53 Since the mid-1980s, McCormick & Co, through McCormick Australia, has sold instant batter to fast-food providers in Australia. McCormick Australia's sales of batters, seasoned flour and breaders to fast-food providers, food processing companies and food service companies are now substantial. There was evidence of the use of the McCormick & Co marks on invoices in connection with such fast food sales. There is, however, no

evidence of the manner of marking of any packaging or containers for the company's industrial batter products. The supply of these products by the company to the fast food industry has been kept confidential to the company and its customers. (I note counsel for Mary McCormick's suggestion that s 124 of the Act might protect the company's prior use of its marks in the fast food trade.)

54 McCormick & Co submits that it may be required to remove its registered mark from its GOLDEN DIPT products if Mary McCormick is successful. This is by no means certain, however: many questions arise, including questions of honest concurrent use and the effect of s 124 of the Act. The company also submits that if Mary McCormick is successful, then it may be prevented from carrying out its plans to introduce a seasoned batter and coating mix, under the name "SEASON-ALL" (or "MCCORMICK SEASON 'N FRY") and bearing one of the McCormick & Co marks. Maybe: I have already noted that the company itself has a registration application pending with regard to all Class 30 goods, including instant batter, though excluding salt, pepper, spices, mayonnaise, sauces and seasonings. Plainly enough, the outcome of that application may depend on the fate of Mary McCormick's application. In the first instance, however, that is a matter for the Registrar.

55 Sales steadily increased after 1992 in both the retail and the food services sectors of Mary McCormick's business. Total kilogram sales grew from 68,242kgs in 1992 to 109,623kgs in 1998. In 1998, supermarket sales of 150g packets of her instant batter product totalled \$251,168. In the present connection, McCormick & Co relies on the fact that, since June 1996, retail packets of Mary McCormick's instant batter have not only displayed the word "MCCORMICK'S", but also Mary McCormick's portrait and given name. Mary McCormick cannot, so the company submits, attribute increases in her retail sales since that date to the use of the marks that she seeks to register. Whilst a consideration such as this has been held to be relevant (see *Bali Trade Mark (No 2)* [1978] FSR 198 at 224), the fact is that, even if the addition of the portrait and given name gives rise to a new mark as the company says, Mary McCormick has not given up the use of the old marks. Although the first run of cartons produced in 1997 bore the word "MCCORMICK'S" and her portrait and given name, thereafter all 10kg cartons of instant batter supplied to the food services industry carried the word "MCCORMICK'S" alone. In 1998, there were \$140,872 sales of 10kg cartons to food service outlets.

56 Another relevant factor is that most of Mary McCormick's sales of her product continue to be made in Queensland. In 1998, sales outside Queensland peaked at somewhere between 20% and 35% of the total. Save perhaps for a small volume of earlier interstate sales, practically speaking, Mary McCormick did not begin selling to the food services industry (i.e., to caterers, hoteliers, restaurants and fish and chip shops and the like) outside Queensland until 1997. In that year, she began selling 10kg cartons of instant batter to the food services industry interstate.

57 I have taken into account all the circumstances mentioned, including that: (1) as at 9 March 1992, Mary McCormick's use of her marks was an honest use; (2) her instant batter business is not only based in Queensland but that most sales continue to take place there; (3) in the decade before March 1992 the volume of her out-of-state sales was probably very slight; and, by 1992, only 17.8% of Mary McCormick's instant batter supermarket sales were outside Queensland and only 11.1% of her total sales were outside Queensland; (4) there is a likelihood of confusion about the source of the parties' products occasioned by the similarity of the relevant marks; (5) absent registration, Mary McCormick may very well sell her product under the name "Mary McCormick", being her own name; and that this course would not involve a very great departure from her present get-up at least on the retail side; and (6) the volume of sales of McCormick & Co is very large across all states. In exercise of the discretion conferred by s 44(3), I would accept Mary McCormick's application for registration upon the basis that registration be limited to the State of Queensland. I do not consider that the other matters that the parties invited me to consider in this connection (discussed below) would lead me to a different conclusion. Section 60 raises other issues, however: I deal with them last.

OTHER MATTERS

(a) The conduct of Mary McCormick and her advisers

58 There were two other matters that, according to McCormick & Co, should lead the Court to exercise its discretion against Mary McCormick. The first concerned her conduct before the Registrar and on this appeal. McCormick & Co submitted that the evidence led by her contained exaggerated, misleading and untrue statements. Before the Registrar, Mary McCormick had been guilty, so the company says, of the following acts and omissions:

(1) She had failed to inform the Registrar that since about June 1996 retail packets of her

instant batter had displayed the word “MCCORMICK’S” together with her portrait and given name, as had the first run of 10kg cartons produced in 1997; and that the word “MCCORMICK’S” plus Mary McCormick’s portrait and given name were the subject of an application for trade mark registration made on 4 April 1996.

- (2) She falsely stated that her livelihood would be threatened were she compelled to change her mark from that which she sought to register. (The company pointed out that Mary McCormick’s retail sales had nearly doubled between 1995 and 1998 and that her food service sales had increased between 1996 and 1997.)
- (3) On instructions, Mr Tannahill, patent attorney, had written to the Registrar, by letter dated 8 October 1996, that Mary McCormick’s was known in the trade as “Mary Mac” without indicating that this was only in a small part of the trade.
- (4) At the time her application was before the Registrar, Mary McCormick knew, from customers’ letters, that some customers wondered whether her product and the company’s products had a common origin.
- (5) She claimed an advertising expenditure before the Registrar that was inconsistent with that stated to the Australian Tax Office.
- (6) She exaggerated the geographical spread and international character of her sales, and falsely claimed an early date for the first use of her mark.

59 I accept that if it were shown that an applicant for registration, whether before the Registrar or on appeal, had made false or misleading statements in evidence, then that might well be a matter relevant to an exercise of discretion under s 44(3) of the Act: see *In Re Burcombe & Co Ltd’s Application* (1948) 65 RPC 179 at 183-184. I do not think that *Burcombe* applies in the circumstances of this case, however. First, there is no basis for any complaint that the Registrar was misled about Mary McCormick’s use of the word “MCCORMICK’S” with her portrait and given name. The delegate’s reasons, at 42 IPR 525, record that, by reason of Mr Tannahill’s submissions, the delegate knew that:

[Mary McCormick] had adopted another mark containing the words ‘Mary McCormick’ with a portrait device and, in April 1996, she had decided to use the mark on any of her new products. The 150 gm packets of batter mix sold

in supermarkets ... were branded with this trade mark as a prelude to the introduction of her new product range. Batter sold in 10 kg cartons, however, had continued to be marketed under the MCCORMICK'S trade mark. Based on the figures contained in the applicant's declaration, in relation to the quantity of batter sold during the financial year of 1995-96, the batter sold in these cartons had represented 74% of the applicant's batter, therefore the market of the cartons bearing the original trade mark was significant to the applicant.

60 Mary McCormick is a person educated in the school of life. She began her business with few financial resources. She built up her business with a combination of hard work, commercial acumen and, in later years, a sound distributor. Plainly enough, as one might expect, she sought to put her registration application in the best possible light. I do not think anything turns on this. I do not consider that she was bound to attach any special significance to the three customer letters in question, more especially as on her own account (which, as I say, I accept) she received few letters of this kind. In any event, it is not shown that, at the time of the hearing before the Registrar, she attached the same significance to the letters as McCormick & Co did on the appeal. For a number of reasons, including cyclone damage, Mary McCormick's business records prior to 1992 are scanty. In my view, she has sufficiently explained how she came to present her advertising figures to the delegate. It is unsurprising that her ability to recall dates and details consistently and precisely was on occasions poor, given the passage of time and the lack of documentary records.

61 On appeal, the company submitted that Mary McCormick had been guilty of more improper acts and omissions. They were as follows:

- (1) She falsely stated that she did not know of any instances of confusion, notwithstanding that she had the three customer letters evidencing confusion and that she admitted the possibility of confusion in the food services industry in cross-examination.
- (2) Her description of bank books, bank statements and cheque books as books of account was misleading.
- (3) She was maintaining the registration application for the purpose of extracting money from McCormick & Co.
- (4) She had adopted a deliberate policy of publicly denigrating McCormick & Co to

induce a compromise of the proceeding to her advantage.

62 For the reasons already stated, the first two matters can be put to one side. In addition, the risk of confusion in the food services industry, said by McCormick & Co to be admitted by Mary McCormick in cross-examination, depended upon an event that had not occurred and, indeed, might never occur. There was no evidence that Mary McCormick had deliberately sought to mislead the Court at any point.

63 I also reject the company's submission that Mary McCormick acted improperly in pursuing her registration application and did so only to extract money from the company. I have found that on 9 March 1992 when she applied for registration, she had made honest use of the word "MCCORMICK'S" for some years. She was entitled to exercise her rights under the Act by applying for registration of the marks she had been using on her instant batter product. I accept, as Mary McCormick stated, that she was seeking trademark protection for the word marks she sought to register. At that time, save for the "GOLDEN DIPT" product, McCormick & Co was not selling, directly or through its subsidiary, an instant batter product by retail. Its plans to introduce a seasoned batter and coating mix, under the name "SEASON-ALL" (or "MCCORMICK SEASON 'N FRY") to be sold in the grocery aisles of supermarkets were not made until late 1996. Although McCormick & Co was selling instant batter product in bulk to the fast food industry from the mid-1980s, those sales were kept confidential. Neither the public nor Mary McCormick knew of them. In summary, there is no basis for the allegation made by the company that Mary McCormick made her application for an improper reason or that she improperly pursued that application before the Registrar. She succeeded in part before the Registrar. McCormick & Co exercised its right to appeal, and Mary McCormick has responded as she was entitled to do.

64 I reject the company's submission that the Court should infer improper motive from the circumstance that since about June 1996 Mary McCormick has been using the word "MCCORMICK'S" plus her portrait and given name on all retail packaging of her product. Apart from one run of the 10kg cartons in 1997, the word "MCCORMICK'S" (without given name and portrait) has been used on all 10kg cartons of her instant batter product supplied to the food services industry. In her affidavit of 16 June 1999, Mary McCormick explained that:

In March 1997, I had one run of cardboard cartons with the words 'Mary

McCormick's Instant Batter' preprinted on the side. As I found that people were still referring to my branded batter product as 'McCormick's Instant Batter', I did not continue marking the boxes 'Mary McCormick's Instant Batter'. I continue to sell all my Food Service Packs under the mark 'McCormick's Instant Batter'.

In cross-examination, Mr Tannahill, who was a careful and conscientious witness, stated that:

The use of the full name Mary McCormick being the name of a proprietor of the business or predecessor of the business etcetera, is something which I believe would not infringe anyone's rights because of ... section 122 of the Trade Marks Act.

My thoughts ... are that the inclusion of the portrait was of some value because Mary does conduct a lot of cooking demonstrations and suchlike in supermarkets and from that point of view people may well recognise the image on the packets.

In cross-examination, Mary McCormick stated, as the sales figures from Domus confirmed, that both the retail and food services sales were important for her business's viability. She admitted her fear that if McCormick & Co entered the same sector of the industrial market as she, then the trade practice of referring to her product as "MCCORMICK'S" would lead to orders for her product being mistakenly filled by the company's product. I have already discussed this statement as it affects the issue of confusion; it does not establish an improper motive on Mary McCormick's part.

65 On 1 June 1994 McCormick & Co filed a registration application for its mark in respect of all goods in Class 30 (save the excluded goods mentioned above). Plainly enough, Mary McCormick was concerned by mid-1996 to take whatever steps she could properly take to protect her business and the marks with which the business and goodwill were associated. The changes she made to her retail packaging (whether or not involving the use of a new mark: see s 7 of the Act) were, according to the evidence of Mr Tannahill (which I accept), apparently made on his advice to protect her from any possibility of infringing McCormick & Co's rights and, according to Mr Tannahill, because "the inclusion of the portrait was of some value because Mary does conduct a lot of cooking demonstrations and suchlike in supermarkets and from that point of view people may well recognise the image on the packets". She confirmed this latter matter in cross examination. McCormick & Co also sought to make something of the fact that Mary McCormick's 1996 registration application covered a wider range of goods than were of particular interest to her. I would not regard this as an unusual circumstance and I draw no adverse inference from it. I accept

Mary McCormick's statement that she has not maintained the proceeding in order to extract money from McCormick & Co.

66 Finally, I reject the company's submission that the Court should infer from the evidence that Mary McCormick deliberately engaged in a campaign to generate adverse publicity about the company for the purpose of compelling it to abandon its opposition to her registration application and, subsequently, this appeal. The company referred to the law of contempt. One of the concerns of this branch of the law is to protect litigants from improper interference in conducting legal proceedings. Broadly speaking, conduct that has a tendency to interfere with the administration of justice and that is undertaken with the intent of so doing will constitute a contempt: see *Harkianakis v Skalkos* (1997) 42 NSWLR 22 at 27-30 and *Clarkson v Mandarin Club Ltd* (1998) 90 FCR 354 at 360-362. Critical comment on the conduct of proceedings, even when pending, is not of itself unlawful.

67 In this case, the relevant facts can be briefly stated. A number of articles concerning her registration application and the company's opposition appeared in the press between December 1997 and June 1998. They were published by *The Cairns Post* on 13 December 1997 and 26 June 1998, *The Sunday Mail* on 14 December 1997, *Innisfail Advocate* on 20 December 1997 and 25 June 1998, *For Me* on 18 February 1998, *The Australian* on 30 June 1998 and *Food Week* on 30 June 1998. The parties' dispute was also featured in three television shows. They were *The 7.30 Report* on 18 February 1998, *The Today Show* on 30 June 1998, and *A Current Affair* on 14 July 1998. The dispute was discussed on ABC Radio on 30 June 1998. In other words, there was media coverage prior to the hearing before the delegate in March 1998 and after the delegate's decision later in May.

68 Mary McCormick's evidence was that she initiated the first article, which appeared in *The Cairns Post* on 13 December 1997. Her solicitor, Mr Winter, stated that the second article, in *The Sunday Mail* on 14 December 1997, was prompted by some unidentified well-wisher. Mary McCormick testified that the articles in June 1998 were initiated by a representative of the press and that "it had like a snowball effect". She said that she had not contacted *The Australian* to initiate the article of 30 June 1998. Coverage by *The 7.30 Report* was prompted by a well-known member of the Federal Parliament. Both Mary McCormick and Mr Winter denied that they ran a "media campaign" against McCormick & Co. Mr Winter said:

I permitted my client to speak to the media and when that had happened it developed a momentum of its own.

Mr Tannahill's evidence was that he appeared on *The 7.30 Report* in June 1998:

to further Mary's endeavours to set up some sort of dialogue between ourselves and the McCormick company.

His primary function was, so he believed, "to actually put the issues correctly". His evidence was not seriously challenged.

69 In support of its case that Mary McCormick or those acting for her acted reprehensibly, McCormick & Co relied on the disclosure in the press of settlement negotiations. These were made in *The Innisfail Advocate* on 20 December 1997, *The Cairns Post* on 13 December 1997 and *The Sunday Mail* on 14 December 1997. Each article recorded that the company had offered \$20,000 to Mary McCormick in settlement. This reference was repeated in *The Cairns Post* on 26 June 1998. In this connection, McCormick & Co drew attention to the fact that, in *The Innisfail Advocate* of 20 December 1997, Mary McCormick was reported as saying:

They will have to come up with a few more noughts and numerals if they want me to reconsider.

70 The \$20,000 offer was made in a letter dated 8 December 1997, from McCormick & Co's patent attorneys to Mary McCormick's patent attorneys. The letter was endorsed "without prejudice". It contained an offer to settle the opposition proceedings on the basis that McCormick & Co would not oppose Mary McCormick's use of the word "MCCORMICK'S" in conjunction with her portrait and given name appearing "on batter and flour-based products including instant batter mix, scone mix and cake mix". The letter offered her \$20,000 in return for her withdrawing her registration application and undertaking not to seek registration of another mark including the name "MCCORMICK" and not to challenge the company's use or registration of a trade mark containing the word "MCCORMICK" for "seasoned coatings for food, including batters, batter mixes, breaders, frying mixes and stir fry mixes".

71 Mr Winter's evidence was that he had initially advised her not to make any comment to the press but that the letter of 8 December 1997 led him to change his advice. He did say, however, that he was surprised to see specific mention of the offer, although he could not

recall whether he had been surprised at the time the articles were published. Mary McCormick was cross-examined about her motives in speaking with the media. She repeatedly stated that at that time she was “desperate”. She said:

I just wanted people to know what a hard time this company was giving me ... I didn't know what the press could do for me, quite frankly. I just wanted to stop the bullying, stop the garbage that was going on. I'd have done anything just to right it, to get on with my life, get it out of my life and get on with my life.

She added:

I was desperate. I wanted a solution to this problem. ... I still had work to do. I still had to run around. I still had to make sales. On top of all this I had this blasted problem from this great big company.

Counsel for McCormick & Co asked in cross-examination:

And you thought that if you went to all the papers they would undertake a campaign on your behalf, didn't you?

Mary McCormick answered:

I didn't know what to expect. If you want the truth I didn't know what to expect.

In cross-examination about the “more noughts and numerals” comment in *The Innisfail Advocate* of 20 December 1997, Mary McCormick said:

I might get things mixed up and get them all around the wrong way and forget what's written in letters but I'm willing to work for what I get out of life, okay? To say something like that, you know, think about it ... it's a pipedream. ... [I]t's like saying – seeing a pretty girl and saying, 'see you tonight, honey'. You might wish it, it might be a silly dream in your head but you don't really for one minute think it's correct, do you, really?

Mary McCormick also gave evidence that she did not know that she might be doing something wrong in disclosing settlement offers.

72 The company's principal attack was directed to Mary McCormick's solicitor, Mr Winter, whose honesty was called into question. His evidence was that he spoke to Mary McCormick on or before 12 December 1997 and that both he and his client spoke with journalists thereafter. He stated that his object was “to bring to the attention of the public [McCormick & Co's] bullying attitude” which he believed was made manifest in the letter of 8 December 1997. He added:

I believed that in speaking with the press some commonsense might be directed into the process which would permit a change of attitude.

I certainly hoped that a sensible approach would be achieved, the result of which would be parties could be accommodated in terms of both their respective legal and commercial interests.

In cross-examination, Mr Winter stated that he believed that there was a public interest in the community knowing of the bullying attitude that he attributed to McCormick & Co.

73 Of course, it would be wrong to make false and offensive comment about an opponent calculated to deter that opponent from conducting pending proceedings as was its right. There was an appeal on foot when *A Current Affair* was aired on 14 July 1998. Before then, there had been an administrative hearing before the Registrar.

74 Different views could, I think, be taken of the 8 December letter. McCormick & Co submits that the letter “could not be criticised in terms of commercial or legal morality and no reasonable reader would have construed it as Mr Winter did”. In cross-examination, Mr Tannahill acknowledged that the letter “was part of a fairly standard and common form of negotiation ... between parties with competing trademark interests”. Whilst I reject the view that the letter was necessarily indicative of a bullying attitude, I accept that Mr Winter read it in that way. There was a basis for so doing. Mary McCormick’s withdrawal of her registration application would have removed a major obstacle in the path of the company’s 1994 registration application. \$20,000 might well have been seen as a derisory sum to offer for the withdrawal of her application and the undertakings that the company proposed that she give. I accept that Mr Winter honestly believed that the press might assist in the process of bringing about a reasonable commercial settlement of the matter.

75 It is unclear to me what Mary McCormick meant when she made her comment about the “snowball effect” of media attention in mid-1998. Certainly media attention did not “snowball” after the parties’ dispute was featured in *The Australian* on 30 June 1998, for only *A Current Affair* was aired thereafter (on 14 July 1998). Nonetheless, I accept her evidence and that of Mr Tannahill and Mr Winter that there was no attempt to orchestrate a media campaign against McCormick & Co. I reject the company’s submission that she or her advisers intended to publish false and offensive material in order to deter the company from opposing her registration application or from instituting this appeal. There is no direct evidence that they had any such improper intention, and I do not infer it.

One might infer that a reason for Mary McCormick's and her advisers' conduct was to encourage the company to make a higher settlement offer. That would not in itself be unlawful. As counsel for both parties acknowledged, the law is not necessarily breached because one party puts practical, commercial pressure on another: see, e.g., *Crescendo Management Pty Ltd v Westpac Banking Corporation* (1988) 19 NSWLR 40 at 46 and *Equiticorp Finance Ltd (in liq) v Bank of New Zealand* (1993) 32 NSWLR 50 at 106. Generally speaking, pressure will only be illegitimate if it consists of unlawful threats or amounts to unconscionable conduct. In any event, I am unable to infer that that was the sole or even a predominant reason for their contact with the media. In the circumstances of this case, I do not consider that the evidence establishes to the requisite degree that Mary McCormick's or her advisers' conduct was unconscionable. I accept that Mary McCormick did not realise that a degree of confidentiality might attach to the \$20,000 offer made by McCormick & Co. The evidence does not permit any inference to be drawn against her advisers in relation to that disclosure.

(b) Acquiescence by McCormick & Co

Mary McCormick submits that McCormick & Co had known of her use of her marks since the mid-1980s and, possibly, earlier. The evidence establishes, plainly enough, that, through its employees, McCormick Australia knew by 1985 that Mary McCormick was producing her instant batter product. If it matters (which I doubt), the evidence further establishes that McCormick & Co acquired actual knowledge about October 1993. There was evidence that a McCormick Australia employee had investigated Mary McCormick's business activities in 1985 and had visited her premises in August or September 1994. McCormick & Co readily conceded, however, that it took no steps to warn Mary McCormick that there was a risk that it would oppose any registration application that she might subsequently bring. There was evidence that in the late 1980s, Mr Eves, then managing director of McCormick Australia, was advised by his company's then patent attorneys that Mary McCormick was entitled to use her own name and could not be sued for infringement. Presumably, this advice was based on s 64(b) of the *Trade Mark Act 1955* (now s 122). There was also advice that the bulk industrial batters that were at that time being supplied by the company to the fast foods industry were in a different category to retail batters, spices and seasonings. Mr Eves gave evidence that he took the view in the late 1980s that there were no grounds to challenge Mary McCormick's marks and there was no occasion to take any other action against her so long as she did not attempt to register them. According to the evidence

of relevant employees, McCormick Australia’s conduct was also affected by the circumstance that Mary McCormick was thought to be carrying on “a very small regional business”, limited to North Queensland, and that pursuing her would have had “adverse public relations consequences”.

78 In the circumstances of the case, Mary McCormick’s submission that, simply by reason of its failure to protest against her use of the marks, McCormick & Co is to be taken to have acquiesced in her subsequent registration application, must fail: see *Electrolux Ltd v Electrix Ltd* (1953) 70 RPC 127; 71 RPC 23. I accept, as McCormick & Co submits, that there is a real difference between a rival trader using her own name and a rival trader seeking to assert exclusive rights over that name by having it registered. Whilst a person’s bona fide use of her name as her mark does not infringe (see s 122), registration of the mark does not necessarily follow (see, e.g., *Johnson & Johnson* at 432, 437). It is relevant to recall that registration gives significant additional rights beyond mere use: see *Woolworths* at 372.

IS REGISTRATION PRECLUDED BY SECTION 60 OF THE ACT?

79 Almost as an afterthought, McCormick & Co submits that s 60 of the Act presents an insurmountable obstacle to Mary McCormick’s application. The Act deals with applications for registration in Part 4 and opposition to registration in Part 5. Division 2 of Part 5 is headed “Grounds for opposing registration”. Section 57 provides:

The registration of a trade mark may be opposed on any of the grounds on which an application for the registration for a trade mark may be rejected under Division 2 of Part 4, except the ground that the trade mark cannot be represented graphically.

By virtue of s 57, McCormick & Co opposes registration of Mary McCormick’s marks on the grounds provided by s 44 (in Part 4). Section 60, which forms part of the second Division of Part 5, further provides:

The registration of a trade mark in respect of particular goods or services may be opposed on the ground that:

- (a) it is substantially identical with, or deceptively similar to, a trade mark that, before the priority date for the registration of the first-mentioned trade mark in respect of those goods or services, had acquired a reputation in Australia; and*
- (b) because of the reputation of that other trade mark, the use of the first-mentioned trade mark would be likely to deceive or cause confusion.*

McCormick & Co submits that the evidence establishes the circumstances set out in

pars 60(a) and (b). The registration of a trade mark may be opposed on any of the grounds specified in Division 2 of Part 5 and on no other grounds: see s 52(4).

80 Mary McCormick's marks are substantially identical with, or deceptively similar to, the McCormick & Co marks. That was not in issue on the appeal. But does the evidence establish that before 9 March 1992 the McCormick & Co marks had acquired a reputation in Australia on account of which the use of Mary McCormick's marks would be likely to deceive or cause confusion? Counsel for Mary McCormick submits that McCormick & Co fails at this fundamental point.

81 What is intended by the word "reputation" in s 60? The word is defined in The Macquarie Dictionary as follows:

reputation ... 1. the estimation in which a person or thing is held, esp. by the community or the public generally; *repute* ... 2. favourable repute; good name ... 3. A favourable and publicly recognised name or standing for merit, achievement, etc. ... 4. The estimation or name of being, having done, etc, something specified.

Cf. The Oxford English Dictionary. In s 60, the word is, I think, apt to refer to "the recognition of the McCormick & Co marks by the public generally".

82 Does the evidence establish that in Australia before 9 March 1992 the McCormick & Co marks were recognised by the public generally and, because of that, the use by Mary McCormick of her marks would be likely to cause the public confusion, as for example, by the public's mistakenly attributing a business connection between the two or attributing her product to the company?

83 I accept, as counsel for Mary McCormick said, that this is not an issue that attracts s 144 of the *Evidence Act 1995* (Cth). Whether the McCormick marks have a reputation in Australia is not a matter "that is not reasonably open to question". In *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302 at 343, Lockhart J said :

[R]eputation within the jurisdiction may be proved by a variety of means including advertisements on television or radio, or in magazines and newspapers within the forum. It may be established by showing constant travel of people between other countries and the forum, and that people within the forum (whether residents there or persons simply visiting there from other countries) are exposed to the goods of the overseas owner

In this case McCormick & Co relied on the following evidence to establish the reputation of its marks: (1) an order, made in 1984 under s 26(3) of the *Trade Marks Act 1955* (“the 1955 Act”), that certain McCormick marks were distinctive; (2) extensive sales under the marks; (3) considerable expenditure on advertising; and (4) the use of promotional material.

84 As I have said, McCormick & Co directly or through its subsidiary, McCormick Australia, had sold products in Australia since 1962, i.e., for thirty years before March 1992. There was evidence that in 1991 (and thereafter until 1995) the value of McCormick & Co’s retail gross sales across Australia was very large. (The precise details were the subject of a confidentiality order.) Further, the sales were substantial in every state, save perhaps for Tasmania. There was evidence that in 1998 the company marketed its products to about 1400 supermarkets throughout Australia. The evidence supports the inference that the company was marketing its products to a large number of supermarkets in 1992, including major supermarket chains. Use of the McCormick & Co marks has been extensive. Very many of the McCormick & Co’s products bore one or other of the McCormick & Co marks. The products ranged from herbs and spices to condiments, sauces and food flavourings. Notwithstanding the large value of the company’s retail gross sales, the company’s products were commonly relatively inexpensive. There was also evidence that in 1991 (and thereafter until 1998) the company spent a very large amount (about 1.5% in 1991 and about 3% of its gross retail sales in 1995) on advertising and promotion. There was extensive use made of the MCCORMICK marks in that advertising and promotional material. Officers of McCormick & Co, including Mr R W Skelton (the company’s chief legal officer and an honest and credible witness) believed that the MCCORMICK marks were well known. In May 1984, the Registrar made an order deeming a MCCORMICK mark to be a distinctive mark pursuant to s 26(3) of the 1955 Act. Whilst I do not think that the order can be direct evidence of anything other than what it says, the order, when taken with other matters, may support an inference about the reputation of the mark. I infer from these facts, when taken together, that consumers would recognise with relative ease the McCormick & Co marks as indicative of the food products made and supplied by the company.

85 It may be correct to say, as counsel for Mary McCormick did, that the volume of the company’s sales does not directly establish that a significant number of people held the McCormick & Co marks, as distinct from the company’s products, in favourable regard. It does not follow, however, that the volume of sales and promotional expenditures are

irrelevant. As Hearing Officer Thompson observed in *Hugo Boss AG v Jackson International Trading Co Kurt D Bruhl GmbH & Co KG* (1999) 47 IPR 423 (“*Hugo Boss*”) at 436:

[I]t is true that the assessment of the reputation of a trade mark goes far beyond mere examination of sales or turnover of goods sold under that trade mark and contemplation of the advertising and promotional figures.

As regards a trade mark, its reputation derives both from the quantum of sales under that mark and also the esteem, or image, projected by that trade mark. The quantum of sales, advertising and promotion contributes to the ‘recognition’ component of the trade mark’s reputation. The credit, image and values projected by a trade mark attaches to the ‘esteem’ component of the reputation as do the public events and other trader’s marks with which [the] owner of the trade marks in question chooses to associate the trade marks via sponsorships, cross-promotions, ‘contra deals’ and so forth.

It follows that a trade mark used in relation to goods with comparatively low sales may have a high and strong reputation by virtue of the high credit or esteem in which it is held or, conversely, that a trade mark which has very high sales may have a strong reputation notwithstanding the lack of esteem that attaches to it. The particular popular images, or sets of values, that attach to the trade mark are also, therefore, important parts of the reputation of the trade mark and may be as strong an associative force in the minds of the public as the association of the trade marks with the goods or services themselves.

86 In practice, it is commonplace to infer reputation from a high volume of sales, together with substantial advertising expenditures and other promotions, without any direct evidence of consumer appreciation of the mark, as opposed to the product: see, e.g., *Isuzu-General Motors Australia Ltd v Jackeroo World Pty Ltd* (1999) 47 IPR 198; *Marks & Spencer plc v Effem Foods Pty Ltd* (2000) AIPC ¶91-560; *Photo Disc Inc v Gibson* (1998) 42 IPR 473; and *RS Components Ltd v Holophane Corp* (1999) 46 IPR 451. This Court has followed this approach as well, acknowledging that public awareness of and regard for a mark tends to correlate with appreciation of the products with which that mark is associated, as evidenced by sales volume, amongst other things. Thus, in *Toddler Kindy Gymparoo Pty Ltd v Gymboree Pty Ltd* [2000] FCA 618 (“*Gymboree*”), Moore J accepted at [94] that the applicant had established a reputation for the purposes of s 60 solely on the basis of use and promotion of the relevant mark. Another example of this approach is *Nettlefold Advertising Pty Ltd v Nettlefold Signs Pty Ltd* (1997) 38 IPR 495 (“*Nettlefold*”), in which Heerey J relied upon the public visibility of the applicant’s marks over approximately two decades as well as a \$100,000 promotional campaign in finding that a reputation for the purposes of s 28 of the

1955 Act existed.

87 It is true, as Mary McCormick's counsel points out, that the evidence does not establish what proportion of sales was made under or by reference to any particular mark. It is also true, as he points out, that, apart from the evidence as to sales and advertising expenditure, there is little or no evidence about the effect of advertising upon consumers. There were no consumer surveys in evidence, nor was there evidence about the marketing of McCormick & Co's products. There was also no evidence to connect whatever international reputation McCormick & Co might have with the reputation of the McCormick & Co marks in Australia.

88 I accept that those were important omissions and, in another case, might have proved fatal. Still, none of the factors pointed to by counsel for Mary McCormick are essential requirements for a finding of reputation under s 60. The sales and advertising of the order of magnitude involved in this case are, in my view, a sufficient basis for establishing reputation along the lines of the approach indicated in *Gymboree* and *Nettlefold* and other relevant authorities. Contrast *Lee v Korean Air Lines Co Ltd* (2000) AIPC ¶91-557, *Winglide Pty Ltd v Corporate Express Inc* (1999) 46 IPR 627, *Aktion Zahnfreundlich v Suntory Ltd* (1998) 42 IPR 593, *Somers v Greenbelt Pacific Pty Ltd* (1998) 42 IPR 587 and *Clissold v Amalgamated Television Services Pty Ltd* (2000) AIPC ¶91-566. Without speculating on what the threshold level of sales or promotional expenditures might be (if, indeed, one exists), McCormick & Co have clearly passed it. Bearing in mind all the circumstances to which I have referred, I am satisfied that McCormick & Co have established that the McCormick & Co marks had acquired a reputation in Australia before March 1992.

89 I am also satisfied that because of the reputation of the McCormick & Co marks, the use of Mary McCormick's marks would be likely to cause confusion. Briefly, not only are Mary McCormick's marks deceptively similar to those of McCormick & Co, the name "McCormick" is a prominent element of the marks in question. As I have said, Mary McCormick seeks the registration of her marks for a product (instant batter) that is sold in the same channels of trade, to the same kind of customers, as the products sold by McCormick & Co under its marks. Mary McCormick's instant batter is sold in supermarkets. So too are McCormick & Co's spices, herbs and like products. Mary McCormick's instant batter is ordinarily located in close proximity to the herbs, spices and like products of

McCormick & Co. The dollar value of Mary McCormick's 150g instant batter packet is low and broadly commensurate with many of McCormick & Co's supermarket products.

90 The ultimate question is whether s 60 is subject to s 44(3) of the Act. The delegate decided that it was upon the basis that ss 44(3) and 60 were the equivalent of ss 34(1) and 28 of the 1955 Act respectively. Sections 28 and 34 of the 1955 Act, which were separate and distinct provisions, were both contained in Part IV, entitled "registrable trade marks".

Section 28 read:

A mark –

(a) the use of which would be likely to deceive or cause confusion;

(b) the use of which would be contrary to law;

(c) which comprises or contains scandalous matter; or

(d) which would otherwise be not entitled to protection in a court of justice;
shall not be registered as a trade mark.

Subsection 34(1) provided:

In case of honest concurrent use or of other special circumstances which, in the opinion of the Registrar, make it proper so to do, the Registrar may permit the registration of trade marks which are substantially identical or deceptively similar, or, but for the honest concurrent use or other special circumstances would be deceptively similar, for the same goods or services or other goods or services, by more than 1 proprietor subject to such conditions and limitations (if any) as the Registrar imposes.

Opposition to registration formed the subject of Part VI of the 1955 Act; Part VI proposed no grounds of opposition additional to those in Part IV.

91 Section 28 was held to be subject to s 34 of the 1955 Act, which was the honest concurrent use provision, in *New South Wales Dairy Corporation v Murray Goulburn Co-Operative Company Ltd* (1990) 171 CLR 363 ("NSW Dairy") at 384 per Mason CJ, 390 per Brennan J, 405-406 per Dawson and Toohey JJ with whom Gaudron J agreed at 414. At 405-406, Dawson and Toohey JJ wrote:

At common law the right to a trade mark was an adjunct of the goodwill in a business and incapable of an existence separate from it. If, however, the goodwill of a business was divided, the need to recognize more than one user of a trade mark arose, despite the possibility of confusion. For each proprietor to have been able to seek an injunction against the other would have been to undermine ownership. In addition, the increase in the ease of communications during the nineteenth century meant that goods displaying deceptively similar marks, which previously had been restricted to a particular locality, might be offered to a wider set of purchasers, thus

producing a greater likelihood of confusion through simultaneous use. The doctrine of honest concurrent user, now embodied in the legislation, developed at common law as a response to this. It prevented one owner of a trade mark from bringing an action of infringement against the proprietor of a substantially identical or deceptively similar mark, but permitted either owner to obtain an injunction to restrain the use of the mark by a usurper

*The doctrine of honest concurrent user meant that a degree of confusion had to be tolerated within the system. The mere fact that the use of a mark would be likely to deceive or cause confusion was not necessarily sufficient to support an injunction restraining that use. That, Lord Diplock explained [in *General Electric Co v General Electric Co Ltd* [1972] 1 WLR 729 at 745, 748; [1972] 2 All ER 507 at 521, 524], was how s 11 [of the Trade Marks Act 1938 (UK)] and its predecessors came to be interpreted in such a way that something more than mere deception or confusion was required to disentitle a trade mark to protection in a court of justice.*

The doctrine of honest concurrent user is also an explanation of the form of s 114 of the Trade Marks Act 1905 (Cth) and if, as we think is the case, s 28 was not intended to effect any relevant change in meaning, it is an explanation of the use of the word 'otherwise' in s 28(d). It is a reference back to s 28(a). Section 28(a) must be read together with s 28(d) so that the reference in s 28(a) to a 'use ... which would be likely to deceive or cause confusion' is a reference to a use which would not only be likely to deceive or cause confusion but would be not entitled to protection in a court of justice. The word 'otherwise' in s 28(d) is thus given some work to do. ...

This view of s 28 is, we think, supported by the scheme of the Act. Not only is it consonant with s 34 which permits the registration of trade marks which are substantially identical or deceptively similar in the case of honest concurrent user, but any other construction would allow a person who 'assiduously infringed' a trade mark to exploit the infringement by producing a situation in which the use of the registered mark would be likely to deceive or cause confusion

92 As Mason CJ recognised, to read s 28(a) as though it were governed by s 28(d) was a difficult exercise, noting at 384:

It may be sufficient to say that in the context of the entire statutory scheme a trade mark is only liable to be expunged under s 28(a) if the use of it becomes likely to deceive or cause confusion and that likelihood is due to the fault or blameworthy conduct of the registered proprietor. However, for the purpose of this appeal, I am content to accept that the fault or blameworthy conduct must be such as to disentitle the mark to protection in a court of justice.

See also *Nettlefold* at 504-506. Brennan J did not rest his view on s 28(d), noting that "the Act does not make the avoidance of deception or confusion absolute, even in the case of an application for original registration: see, e.g., s 34".

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As counsel for McCormick & Co observes, the structure of the Act and the provisions with which this appeal is concerned differ markedly from the 1955 Act. Parts 4 and 5 of the Act relate to separate stages in the registration process. The reasoning that led Mason CJ, Dawson, Toohey and Gaudron JJ to hold that s 28 was subject to s 34 of the 1955 Act does not apply under the new Act. Within Division 2 of Part 4, s 44(1) provides for a ground for rejecting an application before acceptance by the Registrar. Subsection 44(1) expressly states that it is subject to s 44(3), the honest concurrent user provision. The whole of s 44 is expressed as an interlocking series of subsections. Section 60, which is part of a Division specifically setting out the grounds for opposing registration, is directed to the position after acceptance. Section 60 is not expressed to be subject to s 44(3), any analogous limitation, or even the Act generally: contrast s 89(1). On its face, it is a stand-alone provision. Furthermore, s 60 is apparently intended to afford a ground of opposition that is additional to the grounds set out in Part 4. Section 57 expressly states that the grounds of opposition may be “any of the grounds on which an application for the registration of a trade mark may be rejected under Division 2 of Part 4” (which includes s 44). Sections 58 to 62 add further grounds for opposition. On its face, there is no honest concurrent user exception to s 60.

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Further, there are pertinent differences between s 44(1) and s 60. Subsection 44(1) requires a comparison of the applicant’s mark with the mark of another person and the goods to which they both apply. If the Registrar concludes the marks are deceptively similar and the goods to which they apply are goods of the same description (and par 44(1)(b) is satisfied), then the registration application must be rejected; that is, of course, unless, in an exercise of discretion under s 44(3), the Registrar determines to permit the registration. Section 60 also requires a comparison, this time between the accepted mark and a mark that, before the relevant date, had acquired a reputation in Australia. If the marks are deceptively similar, then the question is whether the use of the mark, which has been accepted, would be likely to deceive or cause confusion, because of that reputation. Under s 60, the new inquiry centres on the reputation of the earlier mark. That reputation is critical to the opposition under s 60: contrast s 28 of the 1955 Act and see *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495 at 504 per Gummow J.

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These differences may reflect the different stages of the registration process at which the questions of deceptive similarity and confusion arise. In this connection the observations of Branson J in *Woolworths* at 389-390 are apposite. Her Honour said:

The broad provision contained in s 28(a) of the 1955 Act is now reflected in two separate sections of the Act: ss 43 and 60. Section 43, which is a ground for the rejection of an application for registration of a trade mark, looks to the inherent qualities of the trade mark of which registration is sought for the purpose of identifying whether the use of the trade mark would be likely to deceive or cause confusion. Section 60, which is a ground of opposition to registration, is concerned with whether the use of the trade mark of which registration is sought would be likely to deceive or cause confusion by reason of the reputation in Australia of another trade mark.

The fact that s 43 is found in Pt 4, Div 2 of the Act, whilst s 60 is found in Pt 5, Div 2, reflects, in my view, an appreciation of the practical reality that before the acceptance for registration and advertising of an application for registration of a trade mark, the information available to the Registrar touching on issues of likely deception and confusion will be limited. The Registrar will be in a position to assess the extent to which the trade mark for which registration is sought resembles a registered trade mark. He or she will also be in a position to appreciate the proper uses which may be made of the registered trade mark on the one hand, and of the trade mark for which registration is sought, should it be registered, on the other. However, the Registrar cannot reasonably be expected to be cognisant of the reputation of registered and unregistered trade marks generally or, indeed, of the extent, for example, to which all Australians, whose circumstances and geographic locations are diverse, may be assumed to be familiar with particular words. As French J has pointed out, the acceptance stage is not the time for detailed adversarial examination of an application.

The position will change following the filing of a notice of opposition to registration. An opponent is entitled to rely on evidence in support of the opposition and the applicant for registration may rely on evidence in answer to the opposition. By this means, material which could not ordinarily be expected to be available to the Registrar for the purpose of determining whether an application for registration of a trade mark should be accepted, may become available to him or her for the purpose of determining whether the trade mark should be registered.

The provisions of Part 8, especially s 88(2) and s 89, concerning amendment and cancellation of registration perhaps confirm her Honour's analysis, by showing the new legislative response to the situation considered in *NSW Dairy*. See also Janice Luck, "Distinctiveness, Deceptive and Confusing Marks under the Trade Marks Act 1995" (1996) 7 Australian Intellectual Property Journal 97 at 100-101.

96 Whilst I accept, as counsel for Mary McCormick contends, that the doctrine of honest concurrent user is derived from the common law and pre-dates trade mark legislation, I am of the view that s 44(3) of the Act does not provide an exception to s 60. Accordingly, I would order that the appeal pursuant to s 56 of the Act be allowed and the cross appeal be

dismissed. I would set aside the delegate's decision and in lieu refuse registration. I would hear the parties on the question of costs once they have had an opportunity to consider these reasons.